

FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the January 2008 to the April 2008 *Idaho Economic Forecast*. The January 2008 *Idaho Economic Forecast* is based on Global Insight's December 2007 baseline forecast and the April 2008 *Idaho Economic Forecast* is driven by Global Insight's April 2008 baseline U.S. macroeconomic forecast. In addition, an interim forecast was prepared in February 2008 in response to fast-changing national economic conditions. The summary table for the interim economic forecast is available at Idaho Division of Financial Management's (DFM) website.

Several key variables show how the forecasts for the national and state economies have changed compared to the January 2008 *Idaho Economic Forecast*. The outlook for the national economy is gloomier than in the previous forecast. This is evident in all the measures considered here. Real GDP is 0.6 percentage point lower in 2008 and is more than one percentage point lower in the other years of the forecast. National nominal personal income displays a similar pattern. However, inflation is higher in the current forecast, so real personal income is much lower than in the previous forecast. Specifically, it is 1.5 percentage points lower in 2008, 2.8 percentage points lower in 2009, 2.9 percentage points lower in 2010, and 2.4 percentage points lower in 2011. Nonfarm employment is weaker in each year of the current forecast. As a result, there are 2.2 million fewer jobs in the current forecast. Because of the widespread weakness in this forecast, it is assumed the Federal Reserve will be more accommodating than in the previous forecast. As a result interest rates are lower in the April 2008 forecast than in the January 2008 forecast.

The prospects for Idaho's economy have also been lowered. The state's forecasted real personal income in 2010 is down 4.4 percentage points, or \$2.1 billion from the previous forecast. Idaho nonfarm employment is weaker in every year, with particularly hard hits taking place in 2009 and 2010. Specifically, nonfarm employment is down 1.2 percentage points this year, but about 1.7 percentage points in 2009 and 2010, and it is down just 1.3 percentage points in 2011. Measured another way, Idaho nonfarm employment is 7,800 jobs lower in the current forecast in 2008, 11,900 jobs lower in 2009, 12,400 jobs lower in 2010, and 9,700 jobs lower in 2011.

**IDAHO ECONOMIC FORECAST
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DIFFERENCES BETWEEN
APRIL 2008 AND JANUARY 2008 FORECASTS**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
U.S. GDP (BILLIONS)										
Current \$	0	0	0	0	0	14	-33	-144	-134	-74
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	-0.2%	-1.0%	-0.9%	-0.4%
2000 Chain-Weighted	0	0	0	0	0	4	-75	-215	-203	-160
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.6%	-1.8%	-1.6%	-1.2%
PERSONAL INCOME - CURR \$										
Idaho (Millions)	0	0	-44	-60	-118	-517	-1,068	-1,714	-2,003	-2,067
% Difference	0.0%	0.0%	-0.1%	-0.1%	-0.3%	-1.1%	-2.1%	-3.2%	-3.6%	-3.5%
U.S. (Billions)	0	0	0	0	0	-3	-57	-209	-244	-193
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.5%	-1.6%	-1.8%	-1.4%
PERSONAL INCOME - 2000 \$										
Idaho (Millions)	0	0	-40	-54	-103	-458	-1,324	-1,916	-2,091	-2,109
% Difference	0.0%	0.0%	-0.1%	-0.1%	-0.3%	-1.1%	-3.2%	-4.4%	-4.6%	-4.4%
U.S. (Billions)	0	0	0	0	0	-7	-155	-297	-313	-267
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-1.5%	-2.8%	-2.9%	-2.4%
TOTAL NONFARM EMPLOYMENT										
Idaho	1	3	7	12	9	-1,389	-7,791	-11,894	-12,352	-9,652
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-1.2%	-1.7%	-1.8%	-1.3%
U.S. (Thousands)	-6	6	-4	-2	-83	-376	-1,296	-2,497	-2,625	-2,183
% Difference	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.3%	-0.9%	-1.8%	-1.8%	-1.5%
GOODS PRODUCING SECTOR										
Idaho	1	2	3	6	5	0	-1,741	-3,896	-4,046	-2,819
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.5%	-3.3%	-3.4%	-2.3%
U.S. (Thousands)	0	5	-4	-5	-41	-172	-445	-735	-903	-803
% Difference	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.8%	-2.0%	-3.4%	-4.1%	-3.6%
NONGOODS PRODUCING SECTOR										
Idaho	0	2	4	6	4	-1,388	-6,050	-7,998	-8,306	-6,833
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.3%	-1.1%	-1.4%	-1.4%	-1.1%
U.S. (Thousands)	-6	1	-1	3	-42	-204	-851	-1,762	-1,722	-1,380
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.7%	-1.5%	-1.4%	-1.1%
SELECTED INTEREST RATES										
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.6%	-1.9%	-0.6%	0.0%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.6%	-1.9%	-0.6%	0.0%
Existing Home Mortgage Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%	-0.7%	-0.1%	0.1%
INFLATION										
GDP Price Deflator	0.000	0.000	0.000	0.000	0.000	0.087	0.493	1.022	0.984	1.032
Personal Cons Deflator	0.000	0.000	0.000	0.000	0.000	0.052	1.287	1.495	1.368	1.313
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	0.000	0.028	0.028	0.021	0.019

Forecast Begins the FIRST Quarter of 2008